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In the Supreme Court of the United States

OCTOBER TERM, 1988

ALLIED CORPORATION, PETITIONER

v.

UNITED STATES INTERNATIONAL TRADE COMMISSION, ET AL.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE FEDERAL RESPONDENT IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether petitioner was correctly held to have abandoned any objections to the International Trade Commission's interpretation of the scope of petitioner's patent when petitioner failed to assert an objection to that interpretation in the manner required by the ITC's rules and defended that interpretation when opposing efforts by its opponents to have the patent declared invalid.

2. Whether the court of appeals' refusal to review the ITC's interpretation of petitioner's patent under those circumstances denied petitioner due process of law.

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. A1-A19) is reported at 850 F.2d 1573. The opinions of the United States International Trade Commission and the administrative law judge are unofficially reported at U.S.I.T.C. Pub. Nos. 2035 and 2036. Excerpts from these opinions are reprinted in the appendix to the petition (Pet. App. A37-A39).

JURISDICTION

The judgment of the court of appeals was entered on June 29, 1988. A petition for rehearing and a suggestion for rehearing en banc were denied, respectively, on August 1, 1988, and August 23, 1988 (Pet. App. A20, A21). On August 25, 1988, upon reconsideration of the petition for rehearing, the court of appeals granted the petition and

modified the court's opinion in certain respects (*id.* at A22). The petition for a writ of certiorari was filed on October 31, 1988. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. Petitioner, an American corporation, holds a process patent (No. 4,221,257) covering "Continuous Casting Methods for Amorphous Metal Strips" ("the '257 patent"). Pet. App. A27. In 1983, acting on petitioner's complaint, the United States International Trade Commission (the "Commission" or "ITC") commenced proceedings under Section 337 of the Tariff Act of 1930, 19 U.S.C. 1337, to determine whether the processes used to make certain imported steel products were covered by the '257 patent.[1] Among others, respondents Hitachi Metals, Ltd., Vacuumschmelze GmbH, Nippon Steel Corporation, and Siemens Capital Corporation (collectively "the corporate respondents") were made parties to these proceedings.

The matter was referred to an administrative law judge for an evidentiary hearing. In her initial determination, issued in May 1984, the ALJ concluded that the claims[2] of

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[1] Section 337 prohibits unfair methods of competition and unfair acts in the importation of articles into the United States, and empowers the Commission to investigate alleged violations and to issue exclusion orders. 19 U.S.C. 1337. The importation of goods manufactured through processes covered by an American patent is among the practices that this section prohibits. See 19 U.S.C. 1337a.

[2] Under 35 U.S.C. 111-112, an application for a patent includes a "specification." This specification must contain "a written description of the invention, and of the manner and process of making and using it, in * * * full, clear, concise, and exact terms * * *" and must conclude with "one or more *claims* particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention" (35 U.S.C. 112 (emphasis added)). The scope of the patent is

the '257 patent would be invalid—either because they would be insufficiently specific or because the invention described would be obvious in view of existing technology (35 U.S.C. 112, 103)—unless dimensions of the nozzle lips of the device used in the process, which were set out in the specification included in petitioner's patent, were incorporated into those claims. Pet. App. A48-A51. The ALJ ruled, however, that petitioner's patent claims could be interpreted to include those dimensions in order to clarify the claims' ambiguity and to avoid a finding of obviousness (*id.* at A48, A49). On this basis, the ALJ held that the patent was not invalid (*ibid.*). The ALJ further found that the corporate respondents had violated Section 337 by importing articles manufactured through processes that were within the scope of petitioner's patent claims, as interpreted (see Pet. App. A24).

Under the ITC's rules, all parties were entitled to petition the Commission for review of the ALJ's initial determination. 19 C.F.R. 210.54. The Commission's rules require each party seeking such review to file a petition, which must "[s]pecify the issues upon which review of the initial determination is sought * * *." 19 C.F.R. 210.54(a)(1)(ii). Those rules also provide that a party will be deemed to have abandoned any issue that it fails to include in its petition (19 C.F.R. 210.54(a)(2)):

> Any issue not raised in the petition for review filed pursuant to this rule will be deemed to have been abandoned and may be disregarded by the Commission in reviewing an initial determination.

The corporate respondents filed a petition for review, contending that the ALJ had erred by reading the dimen-

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determined by reference to the patent "claims," which must be sufficiently definite to qualify for a patent. See *Autogiro Co. of America v. United States*, 384 F.2d 391, 395-396 (Ct. Cl. 1967). The invention described must be novel and nonobvious. 35 U.S.C. 102-103.

sions of the nozzle lips into the '257 patent claims in order to preserve the patent's validity. They argued that the Commission should reverse this aspect of the initial determination and declare the patent invalid. C.A. Confidential App. 10111-10113. Although it filed a petition for review, petitioner did not ask the Commission to review those features of the ALJ's interpretation of the '257 patent that it challenges now or her ruling that, without clarification of the dimensions of the nozzle lips, the patent would be invalid. Further, when petitioner responded to the corporate respondents' petition for review, it defended the ALJ's construction of the patent as correct. Pet. App. A5-A6.[3]

On this record, the ITC refused to review the ALJ's initial decision, thereby allowing it to become the Commission's determination (Pet. App. A6; see 19 C.F.R. 210.54(h)). After briefing on the appropriate remedy, the Commission issued its Amorphous Metal Exclusion Order, which barred importation of articles manufactured abroad in accordance with the process described in the '257 patent (Pet. App. A6).[4]

2. In 1985, certain of the corporate respondents applied to the Commission for an advisory opinion that importation of amorphous metals they were producing through new processes would not violate the Commis-

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[3] For instance, petitioner argued to the Commission (Pet. App. A6):

> [T]he ALJ has correctly found that "[t]he '257 claims are construed as including the critical feature of the wide lips on the nozzle."

[4] Petitioner noticed an appeal from this order with respect to two patents other than the '257 patent, but this appeal was dismissed as untimely. *Allied Corp.* v. *United States International Trade Commission*, 782 F.2d 982 (Fed. Cir. 1986).

sion's exclusion order or Section 337. The ITC agreed to hear this application and *sua sponte* commenced proceedings to determine whether the prior exclusion order should be modified. During proceedings before the ALJ to whom these matters were referred, petitioner agreed not to relitigate the issue of the interpretation of the '257 patent claims (Pet. App. A33). On March 3, 1986, the ALJ issued an initial advisory opinion and a recommended determination with respect to modification of the ITC's prior exclusion order. The ALJ ruled that the corporate respondents' new processes did not infringe the '257 patent claims as they had been previously construed and, accordingly, recommended modification of the exclusion order to permit importation of respondents' products (*id.* at A7).

Petitioner filed a petition for review of the ALJ's determinations. For the first time, petitioner argued that the Commission had erred in 1984 by construing the scope of the '257 patent too narrowly and by holding that, without the clarification provided by the dimensions of the nozzle lips, the patent would be invalid. See Pet. App. A31-A32.

In an advisory opinion issued in May 1987, the ITC rejected petitioner's arguments on the merits (Pet. App. A23-A35). The Commission ruled that, under the doctrine of law of the case, petitioner was bound by the ITC's prior determination of the scope of the '257 patent claims (*id.* at A32-A33). The ITC also relied on the fact that petitioner had agreed not to relitigate the issue of the interpretation of its patent in the advisory opinion proceedings (*id.* at A33). The Commission found that, because the corporate respondents' new processes used devices with lips whose dimensions were smaller than those previously read into the '257 patent, articles produced with those processes were outside the scope of the patent. See *id.* at A35. In a parallel order issued in June 1987, the Commission modified its 1985 Amorphous Metal Exclusion Order,

inter alia, to incorporate the limitations on the dimensions of the nozzle lips which had earlier been read into the '257 patent (*id.* at A8-A9).

3. Petitioner appealed from the Commission's May 1987 advisory opinion and June 1987 modified exclusion order. After holding that it had jurisdiction to review only the latter order (Pet. App. A10-A16), the court of appeals held that petitioner had abandoned the arguments that the Commission had misconstrued the scope of the '257 patent or erred in holding that the patent was invalid unless clarified in terms of the dimensions of the nozzle lips.[5] The court explained that petitioner had failed to raise those contentions in its petition for review of the ALJ's 1984 initial determinations on the scope and validity of the '257 patent, that under the ITC's rule (19 C.F.R. 210.54(a)(2)) those arguments had thereby been abandoned, and that Allied had affirmatively stated that the ALJ's 1984 construction of the patent was correct (Pet. App. A16-A17). The court of appeals described as "disingenuous" petitioner's argument that the ITC's 1987 construction of the patent was different from its 1984 construction (*id.* at A17). The court found that "the 1984 and 1987 claim constructions are the same, that in 1987 being merely the listing of the actual parameters referred to in 1984 as being found in the specification" (*ibid.*).

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[5] As initially issued, the court's opinion spoke in terms of waiver. See Pet. App. A16-A18. A subsequent modification of the opinion reframed the court's holding in terms of abandonment. See *id.* at A22. While the court of appeals did not explain the reasons for this modification, it seems to have been designed to conform the language of the opinion to the terms of the relevant ITC regulation, 19 C.F.R. 210.54(a)(2), which provides that issues which are not properly raised "will be deemed abandoned."

ARGUMENT

The decision of the court of appeals is correct and is not in conflict with any decision of this Court or any other court of appeals. Accordingly, review by this Court is not warranted.

1. In 1984, an ALJ saved petitioner's patent from a determination that it was indefinite or obvious by incorporating within the patent claims a description of the patented process found elsewhere in the patent specification. Though petitioner filed a petition for review challenging other aspects of the ALJ's determination, its petition did not question the ALJ's interpretation of the scope of the '257 patent or her finding that, without clarification, the patent claims would be invalid. Under the express terms of the ITC's rules, by failing to raise those issues at that time petitioner must be deemed to have abandoned them. 19 C.F.R. 210.54(a)(2). Further, when the ALJ's determinations on these issues became final by virtue of the Commission's decision not to review them, they became the "law of the case," binding on petitioner in future proceedings arising from the Commission's exclusion order.

The court of appeals' refusal to reopen the issues of the scope and validity of petitioner's patent was in accordance with well-established legal principles. As this Court stated in *United States* v. *L.A. Tucker Truck Lines, Inc.*, 344 U.S. 33, 36-37 (1952) (footnotes omitted):

> We have recognized in more than a few decisions, and Congress has recognized in more than a few statutes, that orderly procedure and good administration require that objections to the proceedings of an administrative agency be made while it has opportunity for correction in order to raise issues reviewable by the courts. * * * Simple fairness to those who are

> engaged in the tasks of administration, and to litigants, requires as a general rule that courts should not topple over administrative decisions unless the administrative body not only has erred but has erred against objection made at the time appropriate under its practice.

See also *Unemployment Compensation Commission* v. *Aragon*, 329 U.S. 143, 155 (1946). If these principles are to have any meaning, an agency must be empowered to adopt rules that prescribe how and when a claim must be presented and to foreclose contentions, like petitioner's, which are not timely raised.

In an effort to avoid the application of these well-established principles, petitioner contends that the 1987 construction of its patent, from which the present appeal was taken, was different from the 1984 interpretation that it failed to challenge before the Commission. Pet. 7, 8. However, the court of appeals properly rejected this contention, describing it as "disingenuous" (Pet. App. A17). In both its 1984 and 1987 determinations, the ITC expressly limited the scope of petitioner's patent by reference to the dimensions of the nozzle lips set forth in petitioner's patent application (compare *id.* at A45, A48 with *id.* at A34-A35). Thus, the court of appeals correctly determined that "the 1984 and 1987 claim constructions are the same" (*id.* at A17).

There is also no merit to petitioner's argument that it should have been allowed to obtain review of issues that the corporate respondents placed before the Commission in the 1984 proceedings. Pet. 5, 7. At that time, those respondents argued, in essence, that the ALJ had erred in saving petitioner's '257 patent by incorporating the dimensions of the nozzle lips into the patent claims. Petitioner's present position is the antithesis of that argument: It con-

tends that the ALJ erred by failing to uphold the validity of the '257 patent as to a broader range of processes. The contentions advanced by the corporate respondents in 1984 did not give the Commission any occasion to consider the arguments petitioner is pressing now. Thus, there is no basis for holding that respondents' claims were an adequate substitute for compliance by petitioner with the ITC's rules.

Against this background, it is clear that there is no conflict between the court of appeals' decision and the decisions on which petitioner relies (Pet. 8-9). In all of those cases, the objections that the court of appeals was asked to review had been raised below before the agency, either by a similarly situated party in a rulemaking proceeding[6] or by the same party in a prior proceeding before the same agency.[7] Those cases recognized the general principle that a party may not obtain judicial review of issues that an agency had no opportunity to consider. *E.g., Local 512, Warehouse & Office Workers' Union* v. *NLRB*, 795

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[6] *Buckeye Cablevision, Inc.* v. *United States*, 438 F.2d 948, 951 (6th Cir. 1971) ("identical issues" had previously been raised by other parties); *Center for Auto Safety* v. *Thomas*, 806 F.2d 1071, 1075-1076 (1986), vacated, 810 F.2d 302 (1987) (per curiam) (en banc), reinstated on reh'g, 847 F.2d 843 (1988) (per curiam) (en banc), vacated, 856 F.2d 1557 (D.C. Cir. 1988) (per curiam) (en banc) (permitting review only of issues raised by other parties and basing result in substantial part on permissive terms of statute); *Natural Resources Defense Council, Inc.* v. *United States Environmental Protection Agency*, 824 F.2d 1146, 1150-1151 (D.C. Cir. 1987) (permitting review of issues raised by others and actually considered by agency).

[7] *Local 512, Warehouse & Office Workers' Union* v. *NLRB*, 795 F.2d 705, 713-714 (9th Cir. 1986) (reviewing objection that had been raised in party's pleading, rejected by the ALJ, and argued to the agency on review); *Safir* v. *Kreps*, 551 F.2d 447, 452-453 (D.C. Cir.), cert. denied, 434 U.S. 820 (1977) (reviewing issues that party had raised before the ALJ and also pressed in other proceedings).

F.2d 705, 713-714 (9th Cir. 1986); *Safir* v. *Kreps*, 551 F.2d 447, 452 (D.C. Cir.), cert. denied, 434 U.S. 820 (1977) ("appellant is not free to raise points without regard to whether they were argued at some stage of the administrative process"). Moreover, in those cases, the party seeking review did not initially defend the administrative ruling that it sought to challenge in the reviewing court, as petitioner did here. Finally, none of the cases on which petitioner relies involved an agency rule which, like 19 C.F.R. 210.54(a), requires each party to specify its particular objections to an ALJ's ruling in order to avoid abandoning them. This firm rule is an integral and important part of procedures the ITC has adopted to assure the just and efficient disposition of Section 337 proceedings, which are conducted under strict time deadlines imposed by Congress.[8]

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[8] In the Trade Act of 1974, Pub. L. No. 93-618, § 341(a), 88 Stat. 2053, Congress amended Section 337 to require the Commission to conclude an investigation into alleged unfair import practices "at the earliest practicable time, but not later than one year (18 months in more complicated cases)" after publishing notice of the investigation. The Commission's rule requiring each party to specify its objections to an ALJ's initial determination in an initial petition for review helps the ITC meet these deadlines by ensuring that the positions of all parties and the issues in dispute will be set forth fully in the initial round of submissions to the Commission. Indeed, in 1984, the Commission declined to amend 19 C.F.R. 210.54 to allow a party which had prevailed in part before the ALJ to petition for review on issues on which it did not prevail in a response to its opponent's petition. The Commission explained that such a procedure would necessitate affording the opponent an opportunity to file a reply on issues first raised in a response, and that this additional stage in the briefing process could deprive the Commission of adequate time to review an ALJ's determinations. The Commission also noted that each party should be able immediately to identify those issues on which it disagrees with an ALJ's initial determination. 49 Fed. Reg. 46126 (1984).

The court of appeals was thus fully justified in construing the Commission's rule to require each party to raise its own objections to an

2. The court of appeals' straightforward application of the ITC's rule requiring each party to its proceedings to assert a timely and specific objection to an ALJ's initial determination involves no colorable violation of due process. Indeed, as this Court observed in *L.A. Tucker Truck Lines*, 344 U.S. at 37, "orderly procedure and good administration" depend on rules that assure that arguments will be presented to an agency when they can be meaningfully considered and determined.[9]

By refusing to hear an issue that petitioner abandoned in 1984, the court of appeals did not deprive petitioner of its right to be heard "at a meaningful time and in a meaningful manner." *Mathews* v. *Eldridge*, 424 U.S. 319, 333 (1976). In 1984, when the ALJ clarified the scope of petitioner's patent to save it from a determination of invalidity, it was self-evident that this clarification would determine what processes would, in the future, be determined to be infringing and that efforts could be made to design around the patent as clarified. Petitioner had no constitutional right to wait until after those efforts had been made to seek a reinterpretation of the scope of its patent. As this Court has observed, a patent claim is not a "nose of wax" to be twisted one way to preserve a patent's validity and another way to catch an alleged infringer. *White* v. *Dunbar*, 119 U.S. 47, 51-52 (1886).

ALJ's determinations. Moreover, since the ITC's decisions are reviewable only in the Federal Circuit (19 U.S.C. 1337(c)), that interpretation cannot be the subject of a conflict among the Circuits. See Pet. 7 n.3.

[9] This Court, for instance, ordinarily refuses to hear claims not presented to and decided by the courts of appeals. *Youakim* v. *Miller*, 425 U.S. 231, 234 (1976).

CONCLUSION

The petition for a writ of certiorari should be denied.

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